

# Transmeta Corporation

## A. G. Edwards' Emerging Growth Conference

September 20, 2006

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# Safe Harbor

This presentation contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements speak only as of the date of this presentation, and we will not necessarily provide updates of our projections or other forward-looking statements. Investors are cautioned that such forward-looking statements are subject to many risks and uncertainties, and may differ materially or adversely from our actual results or future events. We urge investors to review our filings with the Securities and Exchange Commission, including our most recent reports on Forms 10-K, 10-Q and 8-K, which describe these and other important risk factors that could have an adverse effect on our results. We undertake no obligation to revise or update publicly any forward-looking statement for any reason.

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# Investment Highlights

- Positioned for Growth Through Industry Trends
  - Increasing demand for leading edge semiconductors requiring enhanced power management capabilities
  - New business models for computing in emerging markets
- Strong Portfolio of Intellectual Property
  - History of innovation in low power microprocessor development
- Partnerships with Leading Technology Companies
  - AMD, Fujitsu, Microsoft, NEC, Sony, Toshiba
- Leadership Team Dedicated to Operational Execution

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# Transmeta at a Glance

- Headquartered in Santa Clara, CA
  - Founded 1995
  - Publicly traded NASDAQ:TMTA
- Market capitalization: \$249.8 Million
- NASDAQ close price: \$1.27
- 52 week range: \$1.07-\$2.37
- Average trading volume (50 day average): 1.44 Million



**Data as of 9/15/06**

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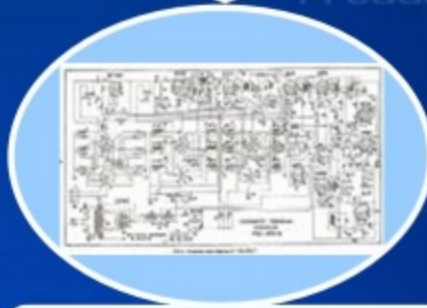
# Mission Statement and Synergistic Solutions Strategy

*Transmeta develops and provides efficient computing technologies that improve performance and reduce power consumption in electronic devices*

## Technology Deployment Strategy



Technology Licensing

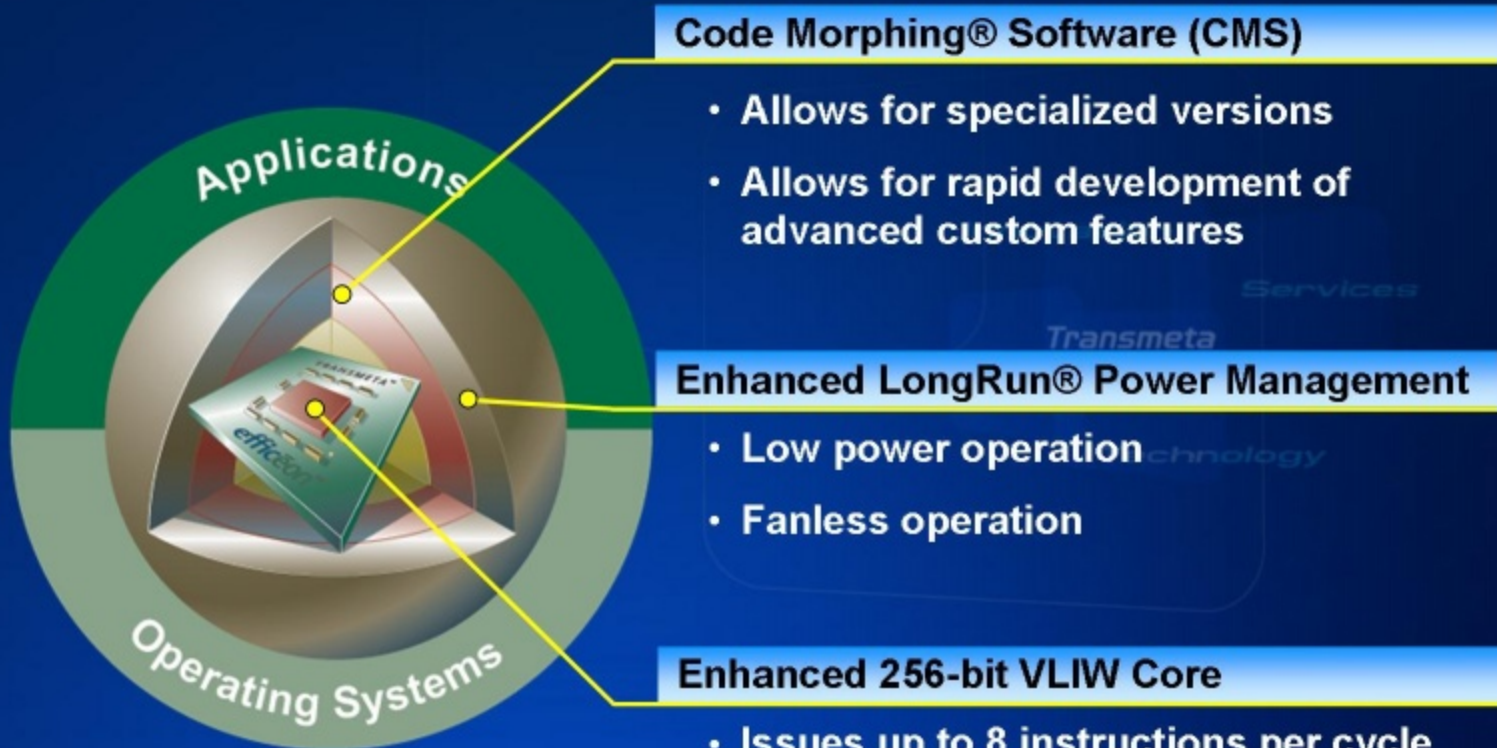


Engineering Services



Products

# Transmeta's Underlying Microprocessor Architecture



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# Microprocessor Product Business

- Have focused product strategy for Efficeon 90 nm products
  - Low-power focus and extensible x86 architecture
  - Specialized versions for select customers through partnership model
  - Product ramp driven by partner program success
    - Current partners: AMD, Microsoft
  - Announced End-of-life of Crusoe and 130nm Efficeon early in 2005
- Benefits
  - Extract competitive gross margins
  - Ramp based on partner commitments
  - Proven product performance due to prior experience
  - Known costs and yields given manufacturing experience
  - Recover system engineering costs with NRE paid by customer

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# Microsoft FlexGo Announcement – 5/22/06



## Transmeta Delivers Specialized Processor to Support Microsoft's Pay-as-you-go Computing with FlexGo for Emerging Markets

**Santa Clara, CA – May 22, 2006 –** Transmeta Corporation (NASDAQ:TMTA), the leader in efficient computing technologies, today announced that it has developed a specialized Efficeon® microprocessor and a robust reference system platform specifically designed to support FlexGo™, Microsoft's new technology that enables subscription and pay-as-you-go computing models in emerging markets. These offerings are designed for consumers within emerging markets where acquisition cost and uncertain monthly income have limited widespread Personal Computer ownership. Microsoft's FlexGo technology combined with Transmeta's microprocessor chip technology offer an affordable means for personal computer usage and consumption through new business models such as pay-as-you-go computing.

These new business models resemble the highly effective prepaid and subscription cellular phone business model currently implemented in emerging markets. Analysts estimate that there are about 1.5 billion people in the world that earn the equivalent of \$4,000 to \$20,000 annually who could be potential users of low cost personal computers, if the costs of entry are low and monthly costs for connections are priced to fit within their budgets.



- Solutions for Subscription and Pay-as-you-go Computing in Emerging Markets supporting Microsoft's FlexGo™

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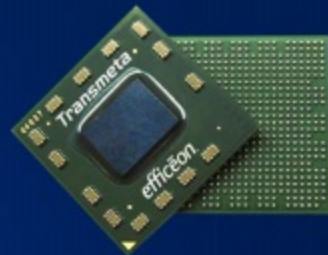
# AMD Agreement Announcement – 6/5/06

## AMD TO PROVIDE TRANSMETA EFFICEON MICROPROCESSOR SUPPORTING MICROSOFT FLEXGO TECHNOLOGY IN EMERGING MARKETS

—Specialized Efficeon Microprocessor designed to support pay-as-you-go personal computing platforms enabled by Microsoft FlexGo for emerging markets—

SUNNYVALE, Calif. and SANTA CLARA, Calif. – June 5, 2006 – AMD (NYSE: AMD) and Transmeta Corporation (NASDAQ:TMTA) today announced that they have entered into an exclusive agreement under which AMD will market and provide the recently announced specialized version of the Efficeon® microprocessor in emerging markets. The AMD Efficeon microprocessor was specifically designed by Transmeta to provide a secure hardware foundation for FlexGo, Microsoft Corp.'s new technology that enables pay-as-you-go and subscription computing models. The AMD Efficeon offers robust CPU-level security that delivers asset protection in a product that is available today to meet the needs of the new business models enabled by Microsoft FlexGo.

Microsoft's FlexGo technology, and the pay-as-you-go and subscription computing models it enables, combined with AMD's Efficeon processor, will accelerate AMD's 50x15 initiative in new and important ways. Under 50x15, AMD is establishing a global network of partners and business models to help connect 50 percent of the world's population to the Internet by the year 2015. Current global Internet penetration stands at about 15 percent. Through the AMD



***"Microsoft has worked with the Efficeon product for several years in our FlexGo development efforts, and we are impressed with the security capabilities and versatility of this CPU," said Will Poole, senior vice president of the Market Expansion Group at Microsoft. "The combination of the deep AMD experience in the 50x15 initiative and the advanced security capabilities of the AMD Efficeon will accelerate the availability of attractively priced PCs with Microsoft FlexGo in emerging markets."***

- Transmeta-AMD Joint Press Release 6/5/06

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# Chip Power – an Increasing Problem

**“Chipmakers are in pursuit of less power – The technology industry is working on new ways to bring down energy consumption”**

Financial Times (9/2/05)

**“90-, 65-nm yields prey to leakage”**

EE Times (10/24/05)

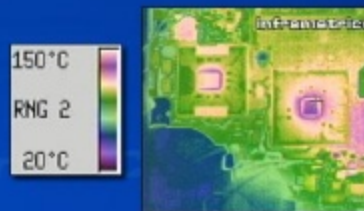
**“Power dissipation is now the dominant performance-limiting factor in nanometer designs”**

EE Times (5/29/06)

**“Leakage power at the most advanced lithography is very challenging”**

Electronic News (7/7/06)

*And many more headlines, papers, articles, panels and seminars...*





# Solution: Transmeta's LongRun2

- Power efficiency has been a focus of Transmeta since its founding
  - LongRun – adaptive power management – announced 1/19/2000
  - LongRun2 – adaptive threshold voltage control – announced 10/14/2003
- LongRun2 is a new way to control transistor leakage and threshold voltages at run time
  - Transmeta-developed interdisciplinary solution involving:
    - New semiconductor structures
    - New circuits and algorithms
  - Implemented with standard bulk CMOS process
  - LongRun2 not only can reduce leakage, but can compensate for unwanted changes due to manufacturing process variation
  - Can reduce power consumption and improve manufacturing yield
- Current licensees: Fujitsu, NEC, Sony, Toshiba

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# Toshiba LongRun2 Announcement – 9/13/06

## Transmeta Announces Expansion of LongRun2 Technologies License Rights for Toshiba

Santa Clara, CA – September 13, 2006 – Transmeta Corporation (NASDAQ:TMTA), the leader in efficient computing technologies, today announced that Toshiba Corporation, one of Japan's largest electronics companies, has exercised an option to expand the initial scope of Toshiba's license to Transmeta's LongRun2™ technologies. In February 2006, Toshiba licensed Transmeta's LongRun2 technologies for reducing power, controlling transistor leakage and improving the operating characteristics of semiconductor devices for use in selected application areas in the 90 nanometer through 22 nanometer CMOS process generations. Toshiba's exercise of this option will allow Toshiba to utilize Transmeta's LongRun2 technologies for all semiconductor devices that it may manufacture in the 90 nanometer through 22 nanometer CMOS process generations.

Transmeta's LongRun2 technologies provide semiconductor manufacturers and chip designers with innovative ways to reduce power consumption and reduce variations between chips. Among the many techniques developed by Transmeta is a unique new approach to controlling transistor leakage that is simpler to implement and requires less area than prior approaches. By controlling transistor leakage with LongRun2 techniques, chips can often be operated at lower power, and yield can often be improved for chips with tight power budgets. LongRun2 can help adjust leakage dynamically to provide both for the lowest standby power and for adjustment of performance and power during chip operation. In May 2006, Transmeta presented test results on a LongRun2-



The Toshiba logo, consisting of the word "TOSHIBA" in a bold, red, sans-serif font.

***"Managing chip power and transistor leakage is a critical issue for the semiconductor industry, and we are pleased to see Toshiba's license expansion as a sign of increasing confidence in the value of Transmeta's LongRun2 technologies."***

- Transmeta Press Release 9/13/06

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# Results for LongRun2

## (Presented at the Spring Processor Forum 5/17/06)

- First public disclosure of our latest LongRun2 related results
  - Includes enhancements made to the technology
- Goal was to use our actual silicon to demonstrate the benefits of our LongRun2 technologies
  - Potentially accelerates prospective licensees' technical due diligence by providing them measured results on an advanced microprocessor
- Data demonstrated that LongRun2 technologies provide a set of solutions to help
  - Reduce chip power – up to 2.6x
  - Increase the MHz specification – up to 1.6x
  - Improve yield and reduce costs
- Presentation is available on Transmeta's website
  - <http://www.transmeta.com/longrun2/#06spf>

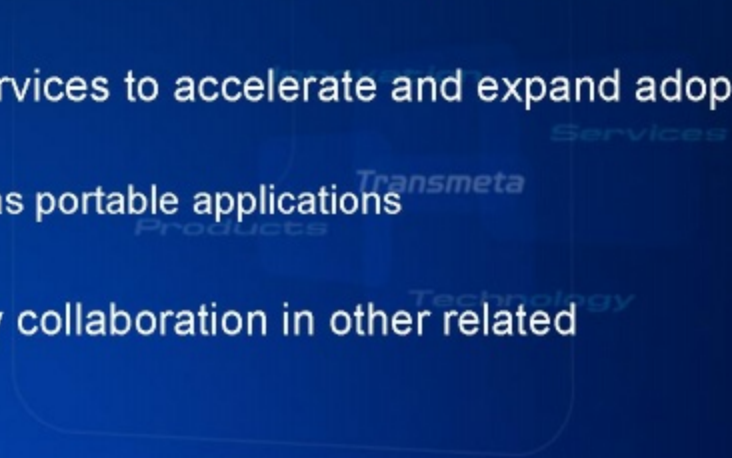
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# Synergistic Engineering Services

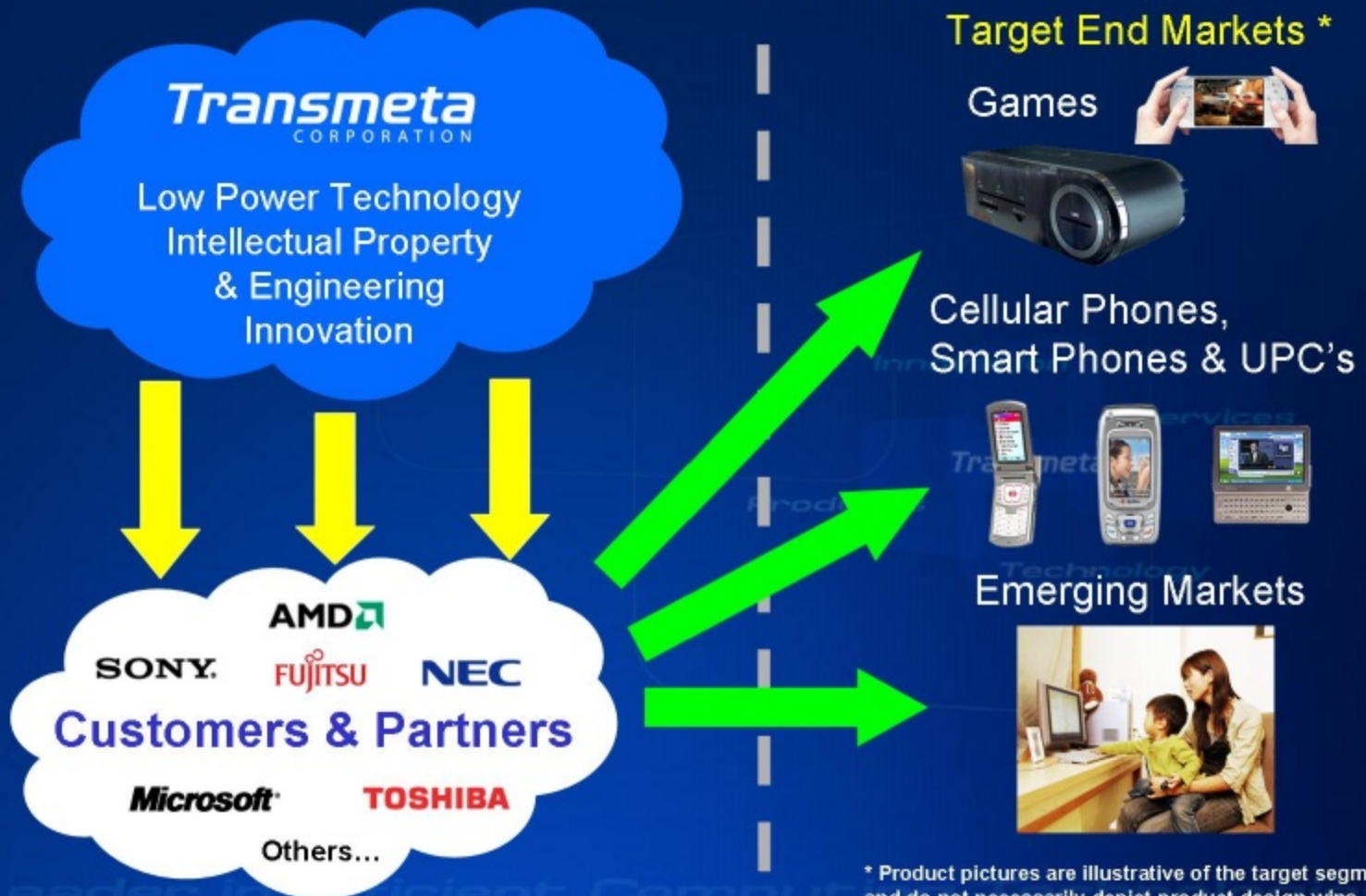
- Provide development engineering services to expand the use of our microprocessor products
  - Software based architecture allows customization for specialized versions
- Provide design engineering services to accelerate and expand adoption of LongRun2 technologies
  - Utilized within products such as portable applications
- Engage in strategic technology collaboration in other related engineering areas
- Major customers: Microsoft, Sony



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# Transmeta's Value Chain



# Corporate Officers

	<b>Title</b>	<b>Experience</b>
Art Swift	<i>President &amp; CEO</i>	Cirrus Logic, Sun, Digital Equipment
Robert Bismuth	<i>VP, Strategic Alliances</i>	VisionCompass, Connex, Digital Equipment, Cadmus
Patrick Boudreau	<i>SVP, Human Resources</i>	Cirrus Logic, Fujitsu Microelectronics, Trilogy, Amdahl
Dave Ditzel	<i>CTO, VP Technology Alliances</i>	Sun, SPARC Labs, AT&T Bell Laboratories
Patrick Gainer	<i>VP, Software</i>	Microsoft, 64k, Silicon Graphics, IBM
Ralph Harms	<i>CFO</i>	Force10 Networks, Autonomy, Flycast Communications, ESS Technology, SEEQ
John Horsley	<i>EVP, General Counsel</i>	FTC, Pillsbury Madison & Sutro

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# *Financial Overview*



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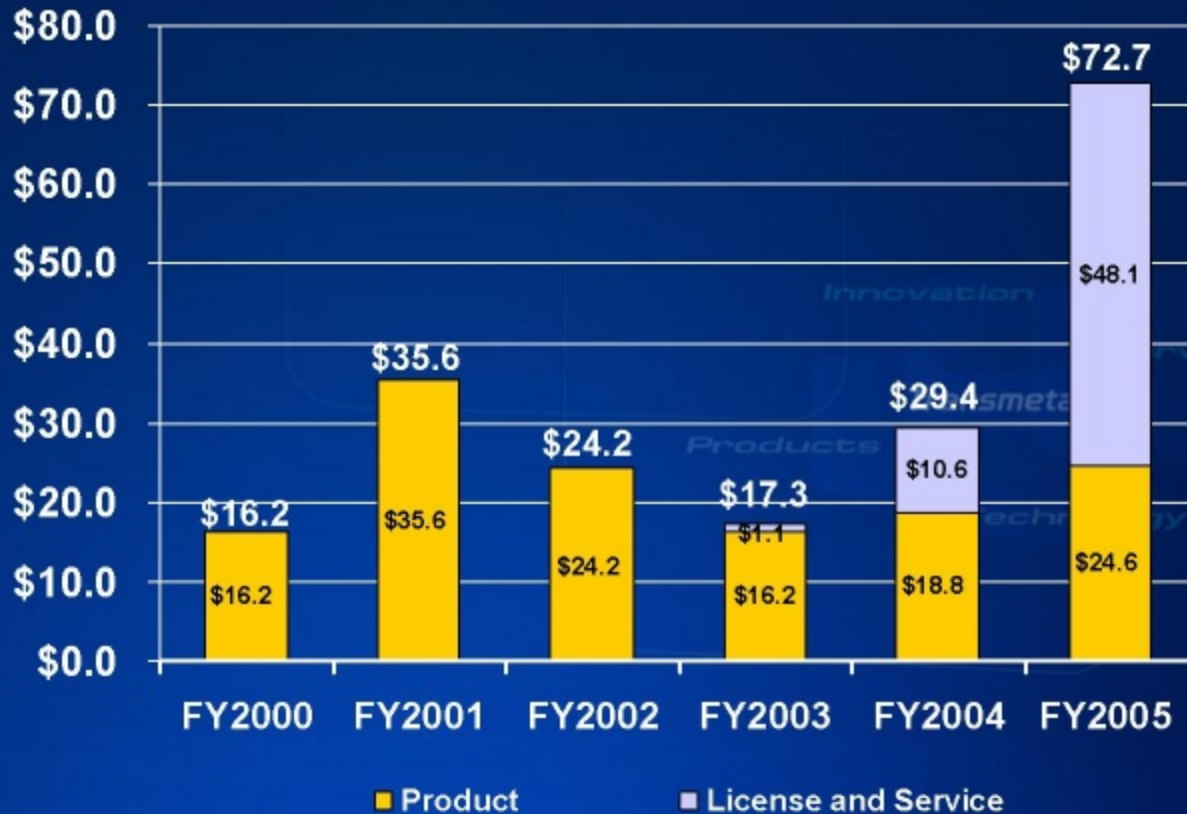
# FY2005 vs. FY2004 Performance

	FY2005	FY2004
Revenue	\$72.7 million	\$29.4 million
Net Income/(Loss)	(\$6.2 million)	(\$106.8 million)
Earnings Per Share	(\$0.03)	(\$0.61)
Cash	\$56.5 million	\$53.7 million
Debt	none	\$5.0 million
Working Capital	\$38.8 million	\$40.7 million
Stockholders' Equity	\$55.0 million	\$58.0 million

FY2005 results announced 2/23/06

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# Revenues



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# Financial Highlights for First Half Ended June 30, 2006

	First Half 2006	First Half 2005
Revenue	\$28.8 million	\$31.6 million
Total OPEX	\$23.2 million	\$32.9 million
Gross Margin	41.8%	58.7%
Net Income (Loss)	(\$10.1 million)	(\$14.3 million)
Earnings per Share	(\$0.05)	(\$0.08)
Cash Flow used in Operating Activities	(\$7.9 million)	(\$8.4 million)

Company met or exceeded all first half 2006 financial guidance

2Q'06 results announced 8/8/06

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